JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

January 24, 2007

CERTIFIED RETURN RECEIPT
7004 2510 0004 1824 4417

Dennison Mines Corporation
Harold Roberts
Independence Plaza
1050 Seventeenth Street Suite 950
Denver, Colorado 80265

Subject: Initial Review of Notice of Intention to Commence Large Mining Operations, International Uranium (USA) Corporation, Tony M Mine, M0170049, Task 1627, Garfield County, Utah

Dear Mr. Roberts:

The Division has completed a review of your response for the Tony M Mine, received November 20, 2006. After reviewing the information, the Division has the following comments which need to be addressed before tentative approval may be granted.

The comments are listed below under the applicable Minerals Rule heading. Please address only those items requested in the attached technical review. Send replacement pages to the original notice **using redline and strikeout text** and indicate how these are to be incorporated into the plan using the attached Form-MR-REV-att. After the notice is determined technically complete you will be asked to send us two clean copies; one copy will be returned. Please provide a response to this review by February 28, 2007.

The Bureau of Land Management is analyzing the effects of this project, and it is possible there could be conflicts between the Division's comments and the requirements made by the BLM. If this occurs, please contact the Division and the BLM so we can resolve these differences.

If you have any questions please contact me at 538-5258, Tom Munson at 801-538-5321, Paul Baker at 801-538-5261, or Doug Jensen at 801-538-5382. If you wish to discuss this review, please contact us at your earliest convenience. Thank you for your cooperation in completing this permitting action.

Sincerely,

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW:PBB:pb
Attachment: Review, Form MR-REV-att
cc: Buzz Rakow, Hanksville BLM
P:\GROUPS\MINERALS\WP\M017-Garfield\M0170049-TonyM\Final\12--2006-1st-rev.doc

INITIAL REVIEW OF NOTICE OF INTENTION TO COMMENCE LARGE MINING OPERATIONS

International Uranium (USA) Corporation
Tony M Mine

M0170049
January 22, 2007

R647-4-104 - Filing Requirements and Review Procedures

Please include the BLM project number. (PBB)

On December 28, 2006, the Division received a letter indicating International Uranium (USA) Corporation (IUC) and Dennison Mines, Inc., were merging to form a new company, Dennison Mines Corporation. Please review and update the ownership and control information in the plan, including information about the officers of the apparent new operator. (PBB)

R647-4-105 - Maps, Drawings & Photographs

105.2 Surface facilities map

Topsoil pile TS-6 is shown on Figure 4C.

On Figure 4B this topsoil stockpile is identified as PS-1, this soil pile is also identified in the plan as PS-1. Please change the designation on Figure 4B to make it consistent with the rest of the plan and maps. (DJ)

The Surface Facilities Area, Drainage Plan Exhibit, does not show the actual disturbed area. This makes it confusing as to how the disturbed drainage will be treated. Exhibit G-1 shows TS-4 and storage yard 1 outside the drainage boundary draining to an undisturbed drainage. It also shows the top of the waste rock pile and the lay down yard not draining to any sediment control. This exhibit needs to clearly outline the disturbed area and show the necessary treatment locations to capture or treat disturbed area drainage. If the top of the waste rock pile is considered reclaimed and not to be disturbed again, then please include a note to this effect on this exhibit. What is also confusing is that Figure 4 Portal Area Detail Map in the storm water control plan shows a disturbed drainage area boundary encompassing all disturbed areas. Exhibit G-1 should show this as well and delineate the sediment controls to be used and where. (TM)

105.5 Drawings or Cross Sections (slopes, roads, pads, etc.)

Figures 2 and 3 show underground workings, but please differentiate existing workings from those to be developed by IUC.

R647-4-106 - Operation Plan

106.2 Type of operations conducted, mining method, processing etc.

The operation plan of the application indicates that there will be two generators, one primary and one back up.

The air quality Notice indicates there will be two generators during Phase 1 of the project with two additional generators in parallel as power needs increase and a 235kw generator

installed as back-up. The plan needs to mirror the air quality application; please make the appropriate changes. (DJ)

106.3 Estimated acreages disturbed, reclaimed, annually.
The totals shown on the estimated acreage are confusing.
Does the total acreage include all the areas within the surface disturbance areas shown on the maps? (DJ)

Table 1 indicates that the disturbance of the water line corridor is 20' wide.
This is a cut and fill feature; the width should be the width of the area affected by the construction of this feature. (DJ)

106.6 Plan for protecting & redepositing soils
This portion of the application identifies reclaimed ore stockpiles that are not under IUC's control.
Please modify Figures contained in the application to show the location of these excluded stockpiles. (DJ)

Section 106.6, pages 18 and 19, says the maximum height of topsoil stockpiles and stockpiles of waste rock material, i.e. growth medium harvested from the waste rock pile, will be ten feet.
Would it be possible to decrease the height of these stockpiles to maintain as much viability as possible? (PBB)

The soils laboratory report shows an SAR value of 99.6 and an electrical conductivity value of 0.05 dS/m for sample TMM-RES-SP1. These values are not consistent; please check them to be sure there is no error. (PBB)

The application discusses salvage of clay from the evaporation pond. Four inches of material would be removed and placed in permanent storage piles northwest and southwest of the pond. It appears the reason for stripping this material is to avoid vegetation and roots.
Stripping material from the bottom of the pond should be avoided if possible because at least some of this material may be detrimental to plant growth and could also adversely affect water quality. Is it necessary to strip this much material from the entire pond area? The bottom of the pond has little, if any vegetation, so it would not appear necessary to strip material from this portion. The soil sample from the lowest portion of the pond had an extremely high SAR value (although the validity of this value needs to be confirmed—see above), and other areas probably have similarly high salt and/or sodium concentrations. This would make revegetation of this material very difficult. (PBB)

Material from the bottom of the pond appears to have higher salt concentrations than the soil in areas adjacent to the pond. Assuming it is necessary to strip material from the bottom of the pond, this material should be placed in the bottom of the stockpiles, as far away as possible from roots. (PBB)

Will revegetation of these permanent storage piles be feasible? What will be the configuration of the storage piles? They should be shaped to blend as well as possible with surrounding terrain under the assumption that it will probably be very difficult to establish vegetation on them. Detailed plans showing these stockpiles are not necessary, but please provide a basic description. (PBB)

What will be the chemical nature of clay on the bottom of the pond once the water has evaporated, and will this material pose risks to the public or the environment? The clay will contain concentrations of minerals from the water. Might this material become available through dust or any other means? (PBB)

The plan (page 19) says topsoil piles will be contoured, furrowed, and broadcast seeded in late fall.
The revegetation methods discussed in Section 110.5 of the plan should be followed for revegetation of the topsoil stockpiles. (PBB)

Waste rock salvaged soils will be pretreated with a mycorrhizal fungal inoculum to promote soil viability.
Do commercially available inocula include the species adapted to this area? Or, are "generalist" species available that would likely become established with the plant species to be planted in reclamation? (PBB)

Section 110.5 says the access roads to the North and South Adits and the vent hole pads and access roads will not receive topsoil because they were constructed without saving topsoil and because they are lightly used. The native topsoil remains on the road and pad surface.
Prior to disturbance, soil needs to be stockpiled from the access roads and pads for the new vent holes. Windrows to the sides of the pads and roads would be sufficient. Please include this commitment in the plan. (PBB)

The operator also needs to salvage as much soil as feasible from the vent hole pads and from the vent hole and adit access roads. The Division recognizes the amount of soil may be small, but available soil or plant growth material should be saved for reclamation. (PBB)

Table 16 of the Baseline Vegetation Report indicates spotted knapweed was found on the waste rock dump and/or the low grade ore piles. This area should be marked, and growth medium from this area should be handled so seed or plant parts do not contaminate any other soil. In addition, the Division requests that the operator work to eradicate the small population in the undisturbed area at transect 62 or contact the Garfield County Weed Control Department to let them know of the location of the population. (PBB)

106.8 Based on the comments found in the Department of Environmental Quality, the Division of Water Quality's letter of December 21, 2006, the Division requires that all information

submitted to the Division of Water Quality regarding the "de minimus" ground water demonstration be incorporated into the mine permit ground water section. (TM)

R647-4-107 - Operation Practices

107.3 The plan is unclear about how the disturbed drainage coming from the lay down yard, warehouse, mine office, leach field, and storage yard 2 will be treated. It states on page 25 of Volume 1 that drainage will be treated by alternative sediment controls in other areas of potential impact within the main surface facilities. Please more clearly show this on exhibit G-1 and show the location of the alternative controls. Silt fencing is not recommended as a alternative control. Berms with check dam outlets may be better alternatives as they are easier to clean out and maintain.(TM)

107.4 Figure 4B appears to show portions of permanent storage pile 2 (PS-2) being outside the drainage basin for the evaporation pond, so runoff and sediment from part of this pile would go to an undisturbed drainage.
Could this pile be relocated so it is entirely within the drainage basin of the evaporation pond? Otherwise, the Division is concerned about what detrimental materials might be transported off site. If relocation of the pile is not possible, additional analyses of the material may be required. (PBB)

R647-4-109 – Impact Statement

109.2 The plan says no raptor nesting activity was noted in April or June 2006 within 0.5 miles of any proposed mining or construction activity.
Please describe the survey methods. These may be included in the Wildlife Resources Baseline Technical Report discussed below. (PBB)

The plan references a Wildlife Resources Baseline Technical Report which would be submitted to the BLM. Please provide a copy for insertion into the Division's copy of the plan. (PBB)

As water evaporates from the pond, dissolved solids will become more concentrated. Please address the impacts that water in the pond might have on wildlife other than waterfowl. Could there be effects from increased concentrations of salt or radioactive materials? What are the effects to the public health and safety and the environment, and what are the long-term effects to the postmining land use? Please provide a short discussion on the potential of radioactive materials leaving the site through dust, water, or any other means. (PBB)

R647-4-110 - Reclamation Plan

110.2 Roads, highwalls, slopes, drainages, pits, etc., reclaimed
The plan indicates that roads will be ripped 12" to 18".
Roads and compacted areas need to be ripped 18" to 24" to remove compaction. (DJ)

This portion of the plan indicates that available topsoil will be spread over the bottom of the evaporation pond prior to seeding.
Please state in the plan where this soil will come from. (DJ)

The application states that an 80 hp dozer equipped with a disk and spreader will be used to seed areas where the slope is less than 15 degrees.
Disking areas prior to seeding will not be sufficient to remove compaction. The Division recommends ripping areas prior to seeding to a depth of 18" to 24". A 80 hp dozer does not have rippers capable of ripping to that depth, the use of a larger dozer with a 3 ripper set-up is recommended. (DJ)

The variance portion of the plan indicates that the waterline corridor would be reclaimed by using a dozer to push or drag the down slope material into the cut area.
Because of the steepness of the areas where this down slope material is located, the use of a hydraulic excavator is recommended. (DJ)

110.5 Revegetation planting program
The plan states that seedbed preparation will be ripping to a depth of 12" to 18".
The seedbed needs to be ripped to a depth of 18" to 24". (DJ)

The plan indicates that the water line corridor will either be pock marked or ripped with a dozer.
Because of the grade of this corridor, the Division recommends that the corridor is pock marked. There is a possibility that ripping could facilitate erosion of this feature. If the area is to be ripped, it should be done parallel to the contour which is probably not practical. (DJ)

The Division suggests that some non-native species, such as crested wheatgrass and Russian wild rye, be used in the seed mixes. Although they may become established in the reclaimed areas, they are unlikely to spread beyond the reclaimed areas. (PBB)

Other species that might be appropriate in the seed mixtures include scarlet globemallow, Sandberg bluegrass, green ephedra, and mat saltbush. In the right circumstances, all of these species have shown some success in various reclamation situations. (PBB)

The Division also suggests trying saltgrass plugs in the area of the evaporation pond. This could be tried on a limited scale to start. (PBB)

The Division recommends trying summer seeding on a limited scale on areas that will receive interim revegetation treatments, such as the topsoil stockpiles. Some of the warm season species may establish in a summer seeding better than with a fall seeding. (PBB)

This variance portion of the plan indicates the water line corridor will be hand seeded. Figure 10B shows the area of the corridor will not be seeded. Please change the incorrect reference. (DJ)

R647-4-112 - Variance

The plan says IUC is requesting variances to Rule R647[-4]-111 regarding the reclamation of slopes to a 3H:1V configuration or less steep in three locations.
Rule R647-4-111.6 requires that waste piles, spoil piles, and fills be graded to a stable configuration and shall be sloped to minimize safety hazards and erosion while providing for successful revegetation. There is no requirement to grade these areas to a specific slope, so it appears the variance requests are not necessary. Please remove these variance requests unless they are needed. (PBB)

R647-4-113 - Surety

Section 4.2 of the surety indicates that 225 cy of material will be used to close each of the portals.
Please indicate in the plan where this material will come from. (DJ)

Costing for closure of infrastructure should include a line item for the pumping of remaining fluids contained in the sand waste sump, waste oil tank and septic system. (DJ)

The surety amount will need to contain a 10% contingency and an escalation factor to escalate the bond for five years. This portion of the bond will be completed when the plan has been finalized and approved.